



Billing Code 3410-DM-P

DEPARTMENT OF AGRICULTURE

Food Safety and Inspection Service

[Docket Number FSIS-2019-0027]

**2020 Rate Changes for the Basetime, Overtime, Holiday, and
Laboratory Services Rates**

AGENCY: Food Safety and Inspection Service, USDA.

ACTION: Notice.

SUMMARY: The Food Safety and Inspection Service (FSIS) is announcing the 2020 rates it will charge meat and poultry establishments, egg products plants, and importers and exporters for providing voluntary, overtime, and holiday inspection and identification, certification, and laboratory services. The 2020 basetime, overtime, holiday, and laboratory services rates will be applied on January 5, 2020.

DATES: FSIS will charge the rates announced in this notice beginning January 5, 2020.

FOR FURTHER INFORMATION CONTACT: For further information contact Michael Toner, Director, Budget Division, Office of the Chief Financial Officer, FSIS, U.S. Department of Agriculture, Room 2159, South Building, 1400 Independence Avenue S.W., Washington, DC 20250-3700; Telephone: (202) 690-8398, Fax: (202) 690-4155.

SUPPLEMENTARY INFORMATION:

Background

On April 12, 2011, FSIS published a final rule amending its regulations to establish formulas for calculating the rates it charges meat and poultry establishments, egg products plants, and importers and exporters for providing voluntary, overtime, and holiday inspection and identification, certification, and laboratory services (76 FR 20220).

In the final rule, FSIS stated that it would use the formulas to calculate the annual rates, publish the rates in **Federal Register** notices prior to the start of each calendar year, and apply the rates on the first FSIS pay period at the beginning of the calendar year.

This notice provides the 2020 rates, which will be applied starting on January 5, 2020.

2020 Rates and Calculations

The following table lists the 2020 Rates per hour, per employee, by type of service:

Service	2020 Rate (estimates rounded to reflect billable quarters)
Basetime	\$ 64.84
Overtime	\$ 79.88
Holiday	\$ 94.88

Laboratory	\$ 82.32
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The regulations state that FSIS will calculate the rates using formulas that include the Office of Field Operations (OFO) inspection program personnel's previous fiscal year's regular direct pay and regular hours (9 CFR 391.2, 391.3, 391.4, 590.126, 590.128, 592.510, 592.520, and 592.530). In 2013, an Agency reorganization eliminated the Office of International Affairs program office and transferred all of its inspection program personnel to OFO. Therefore, inspection program personnel's pay and hours are identified in the calculations as "OFO inspection program personnel's" pay and hours.

FSIS determined the 2020 rates using the following calculations:

Basetime Rate = The quotient of dividing the OFO inspection program personnel's previous fiscal year's regular direct pay by the previous fiscal year's regular hours, plus the quotient multiplied by the calendar year's percentage of cost of living increase, plus the benefits rate, plus the travel and operating rate, plus the overhead rate, plus the allowance for bad debt rate.

The calculation for the 2020 basetime rate per hour per program employee is:

[FY 2019 OFO Regular Direct Pay divided by the previous fiscal year's Regular Hours (\$431,891,249/14,748,261)] = \$29.28 + (\$29.28 * 2.6% (calendar year 2020 Cost of Living Increase)) = \$30.05 + \$10.38 (benefits rate) + \$2.49 (travel and operating rate) + \$21.92 (overhead rate) + \$0.02 (bad debt allowance rate) = \$64.84, which is already divisible by 4.

Overtime Rate = The quotient of dividing the OFO inspection program personnel's previous fiscal year's regular direct pay by the previous fiscal year's regular hours, plus that quotient multiplied by the calendar year's percentage of cost of living increase, multiplied by 1.5 (for overtime), plus the benefits rate, plus the travel and operating rate, plus the overhead rate, plus the allowance for bad debt rate.

The calculation for the 2020 overtime rate per hour per program employee is:

[FY 2019 OFO Regular Direct Pay divided by previous fiscal year's Regular Hours (\$431,891,249/14,748,261)] = \$29.28 + (\$29.28 * 2.6% (calendar year 2020 Cost of Living Increase)) = \$30.05 * 1.5 = \$45.07 + \$10.38 (benefits rate) + \$2.49 (travel and operating rate) + \$21.92 (overhead rate) + \$0.02 (bad debt allowance rate) = \$79.86 rounded up to \$79.88, so that it is divisible by 4.

Holiday Rate = The quotient of dividing the OFO inspection program personnel's previous fiscal year's regular direct pay by

the previous fiscal year's regular hours, plus that quotient multiplied by the calendar year's percentage of cost of living increase, multiplied by 2 (for holiday pay), plus the benefits rate, plus the travel and operating rate, plus the overhead rate, plus the allowance for bad debt rate.

The calculation for the 2020 holiday rate per hour per program employee calculation is:

[FY 2019 OFO Regular Direct Pay divided by Regular Hours (\$431,891,249/14,748,261)] = \$29.28 + (\$29.28 * 2.6% (calendar year 2019 Cost of Living Increase)) = \$30.05 * 2 = \$60.09 + \$10.38(benefits rate) + \$2.49 (travel and operating rate) + \$21.92 (overhead rate) + \$0.02 (bad debt allowance rate) = \$94.88, which is already divisible by 4.

Laboratory Services Rate = The quotient of dividing the Office of Public Health Science's (OPHS's) previous fiscal year's regular direct pay by the OPHS previous fiscal year's regular hours, plus the quotient multiplied by the calendar year's percentage cost of living increase, plus the benefits rate, plus the travel and operating rate, plus the overhead rate, plus the allowance for bad debt rate.

The calculation for the 2020 laboratory services rate per hour per program employee is:

[FY 2019 OPHS Regular Direct Pay/OPHS Regular hours (\$22,973,965/496,184)] = \$46.30 + (\$46.30 * 2.6% (calendar year

2020 Cost of Living Increase)) = \$47.51 + \$10.38 (benefits rate) + \$2.49 (travel and operating rate) + \$21.92 (overhead rate) + \$0.02 (bad debt allowance rate) = \$82.30, rounded up to 82.32, so that it is divisible by 4.

Calculations for the Benefits, Travel and Operating, Overhead, and Allowance for Bad Debt Rates

These rates are components of the basetime, overtime, holiday, and laboratory services rates formulas.

Benefits Rate: The quotient of dividing the previous fiscal year's direct benefits costs by the previous fiscal year's total hours (regular, overtime, and holiday), plus that quotient multiplied by the calendar year's percentage cost of living increase. Some examples of direct benefits are health insurance, retirement, life insurance, and Thrift Savings Plan basic and matching contributions.

The calculation for the 2020 benefits rate per hour per program employee is:

[FY 2019 Direct Benefits / (Total Regular hours + Total Overtime hours + Total Holiday hours) (\$184,242,174/18,205,950)] = \$10.12 + (\$10.12* 2.6% (calendar year 2019 Cost of Living Increase)) = \$10.38.

Travel and Operating Rate: The quotient of dividing the previous fiscal year's total direct travel and operating costs by the previous fiscal year's total hours (regular, overtime,

and holiday), plus that quotient multiplied by the calendar year's percentage of inflation.

The calculation for the 2020 travel and operating rate per hour per program employee is:

[FY 2019 Total Direct Travel and Operating Costs/ (Total Regular hours + Total Overtime hours + Total Holiday hours) (\$44,335,973/18,205,950)] = \$2.44 + (\$2.44 * 2.3% (2020 Inflation) = \$2.49.

Overhead Rate: The quotient of dividing the previous fiscal year's indirect costs plus the previous fiscal year's information technology (IT) costs in the Public Health Data Communication Infrastructure System Fund plus the provision for the operating balance less any Greenbook costs (i.e., costs of USDA support services prorated to the service component for which fees are charged) that are not related to food inspection by the previous fiscal year's total hours (regular, overtime, and holiday) worked across all funds, plus the quotient multiplied by the calendar year's percentage of inflation.

The calculation for the 2020 overhead rate per hour per program employee is:

[FY 2019 Total Overhead / (Total Regular hours + Total Overtime hours + Total Holiday hours) (\$390,080,911/18,205,950)] = \$21.43 + (\$21.43 * 2.3% (2019 Inflation) = \$21.92.

Allowance for Bad Debt Rate = Previous fiscal year's total allowance for bad debt (for example, debt owed that is not paid in full by plants and establishments that declare bankruptcy) divided by previous fiscal year's total hours (regular, overtime, and holiday) worked.

The 2020 calculation for bad debt rate per hour per program employee is:

[FY 2019 Total Bad Debt / (Total Regular hours + Total Overtime hours + Total Holiday hours) = (\$317,344/18,205,950)] = \$0.02.

Additional Public Notification

FSIS will make copies of this **Federal Register** publication available through the *FSIS Constituent Update*, which is used to provide information regarding FSIS policies, procedures, regulations, **Federal Register** notices, FSIS public meetings, and other types of information that could affect or would be of interest to our constituents and stakeholders. The *Constituent Update* is available on the FSIS Web page. Through the Web page, FSIS can provide information to a much broader, more diverse audience. In addition, FSIS offers an e-mail subscription service which provides automatic and customized access to selected food safety news and information. This service is available at: <http://www.fsis.usda.gov/subscribe>. Options range from recalls to export information, regulations, directives, and

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Done at Washington, DC.

Carmen Rottenberg,

Administrator.

[FR Doc. 2019-26326 Filed: 12/5/2019 8:45 am; Publication Date: 12/6/2019]